



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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VILLAGE OF HOLMESVILLE
HOLMES COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2014 and 2013
Fiscal Years Audited Under GAGAS: 2014 and 2013



Dave Yost • Auditor of State

Village Council
Village of Holmesville
PO Box 113
Holmesville, OH 44633

We have reviewed the *Independent Auditors' Report* of the Village of Holmesville, Holmes County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2013 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Holmesville is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 21, 2015

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**VILLAGE OF HOLMESVILLE
HOLMES COUNTY, OHIO**

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Independent Auditor's Report

Village of Holmesville
Holmes County
PO Box 113
Holmesville, Ohio 44633

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Holmesville, Holmes County, (the Village), as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D); this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy requirements.

Although the effects on the financial statements of the variances between the regulatory basis of accounting and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Holmesville, Holmes County, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2015, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
June 19, 2015

**VILLAGE OF HOLMESVILLE
HOLMES COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 21,674	\$ 214	\$ 21,888
Intergovernmental	19,193	25,456	44,649
Fines, Licenses, and Permits	10	-	10
Earnings on Investments	58	81	139
Miscellaneous	25	-	25
	<u>40,960</u>	<u>25,751</u>	<u>66,711</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons & Property	6,934	4,684	11,618
Public Health Service	1,355	-	1,355
Transportation	-	13,541	13,541
General Government	22,887	516	23,403
	<u>31,176</u>	<u>18,741</u>	<u>49,917</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	9,784	7,010	16,794
Other Financing Receipts and (Disbursements):			
Other Sources	2	-	2
Other Uses	(785)	-	(785)
Transfers-In	-	7,825	7,825
Transfers-Out	(7,825)	-	(7,825)
	<u>(8,608)</u>	<u>7,825</u>	<u>(783)</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,176	14,835	16,011
Fund Cash Balances, January 1	<u>8,241</u>	<u>41,913</u>	<u>50,154</u>
Fund Cash Balances, December 31			
Restricted	-	56,748	56,748
Unassigned	9,417	-	9,417
Fund Cash Balances, December 31	<u><u>\$ 9,417</u></u>	<u><u>\$ 56,748</u></u>	<u><u>\$ 66,165</u></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF HOLMESVILLE
HOLMES COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$ 209,310
Miscellaneous	<u>5</u>
Total Operating Cash Receipts	<u>209,315</u>
Operating Cash Disbursements:	
Personal Services	8,718
Fringe Benefits	1,212
Contractual Services	90,262
Supplies and Materials	<u>4,043</u>
Total Operating Cash Disbursements	<u>104,235</u>
Operating Income/(Loss)	105,080
Non-Operating Receipts/(Disbursements):	
Intergovernmental	6,772
Special Assessments	5,440
Earnings on Investments	1,040
Capital Outlay	(10,355)
Principal Retirement	(41,848)
Interest and Fiscal Charges	(58,758)
Other Financing Uses	<u>(83)</u>
Total Non-Operating Receipts/(Disbursements)	<u>(97,792)</u>
Net Change in Fund Cash Balance	<u>7,288</u>
Fund Cash Balances, January 1	<u>185,153</u>
Fund Cash Balances, December 31	<u><u>\$ 192,441</u></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF HOLMESVILLE
HOLMES COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 12,401	\$ 8,508	\$ 20,909
Intergovernmental	19,890	23,582	43,472
Earnings on Investments	60	16	76
Total Cash Receipts	<u>32,351</u>	<u>32,106</u>	<u>64,457</u>
Cash Disbursements:			
Current:			
Security of Persons & Property	7,798	5,144	12,942
Community Environment	61	-	61
Transportation	-	45,405	45,405
General Government	29,782	267	30,049
Total Cash Disbursements	<u>37,641</u>	<u>50,816</u>	<u>88,457</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(5,290)	(18,710)	(24,000)
Other Financing Receipts and (Disbursements):			
Transfers-In	-	3,388	3,388
Transfers-Out	(3,388)	-	(3,388)
Total Other Financing Receipts/(Disbursements)	<u>(3,388)</u>	<u>3,388</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(8,678)	(15,322)	(24,000)
Fund Cash Balances, January 1	<u>16,919</u>	<u>57,235</u>	<u>74,154</u>
Fund Cash Balances, December 31			
Restricted	-	41,913	41,913
Unassigned	8,241	-	8,241
Fund Cash Balances, December 31	<u><u>\$ 8,241</u></u>	<u><u>\$ 41,913</u></u>	<u><u>\$ 50,154</u></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF HOLMESVILLE
HOLMES COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$ 210,157
Total Operating Cash Receipts	<u>210,157</u>
Operating Cash Disbursements:	
Personal Services	7,868
Fringe Benefits	1,486
Contractual Services	74,082
Supplies and Materials	<u>11,691</u>
Total Operating Cash Disbursements	<u>95,127</u>
Operating Income/(Loss)	115,030
Non-Operating Receipts/(Disbursements):	
Special Assessments	1,341
Earnings on Investments	1,050
Principal Retirement	(30,724)
Interest and Fiscal Charges	<u>(59,821)</u>
Total Non-Operating Receipts/(Disbursements)	<u>(88,154)</u>
Net Change in Fund Cash Balance	<u>26,876</u>
Fund Cash Balances, January 1	<u>158,277</u>
Fund Cash Balances, December 31	<u><u>\$ 185,153</u></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF HOLMESVILLE
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Holmesville, Holmes County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general governmental, street repair and maintenance, and sewer services to the residents of the Village. The Village contracts with the Holmes County Sheriff's Department to provide security of persons and property. The Village contracts with the Prairie Township Volunteer Fire Department to receive fire protection services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

The Village's accounting basis includes investments as assets. The basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

**VILLAGE OF HOLMESVILLE
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (continued)

2. Special Revenue Funds (continued)

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Street Light Levy Fund - This fund receives levy money for the operation of the Village's street lights.

3. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise fund:

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing the utility.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**VILLAGE OF HOLMESVILLE
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**VILLAGE OF HOLMESVILLE
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

G. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	2014	2013
Demand deposits	\$174,344	\$152,002
Certificates of deposit	84,262	83,305
Total deposits	258,606	235,307
Total deposits	\$258,606	\$235,307

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$41,788	\$40,962	(\$826)
Special Revenue	31,607	33,576	1,969
Enterprise	224,891	222,567	(2,324)
Total	\$298,286	\$297,105	(\$1,181)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$47,987	\$39,786	\$8,201
Special Revenue	43,539	18,741	24,798
Enterprise	253,836	215,279	38,557
Total	\$345,362	\$273,806	\$71,556

Although actual receipts in the General Fund and the Sewer Fund were less than budgeted receipts, appropriations did not exceed actual resources for either fund.

**VILLAGE OF HOLMESVILLE
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. Budgetary Activity (Continued)

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$46,325	\$32,351	(\$13,974)
Special Revenue	35,075	35,494	419
Enterprise	215,400	212,548	(2,852)
Total	\$296,800	\$280,393	(\$16,407)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$49,122	\$41,029	\$8,093
Special Revenue	62,559	50,816	11,743
Enterprise	224,730	185,672	39,058
Total	\$336,411	\$277,517	\$58,894

Although actual receipts in the General Fund and the Sewer Fund were less than budgeted receipts, appropriations did not exceed actual resources for either fund.

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. Debt

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$54,861	0%
USDA Mortgage Revenue Bonds	1,221,309	4.375-4.75%
Total	\$1,276,170	

The Ohio Public Works Commission (OPWC) loan relates to a sanitary sewer and wastewater treatment plant construction project. The OPWC approved \$199,190 in an interest-free loan to the Village for this project. The loan will be repaid in semi-annual installments of \$4,987, over 20 years. The loan is collateralized by sewer charges for services receipts. Payments for this loan are made by the Sewer Fund.

**VILLAGE OF HOLMESVILLE
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

5. Debt (Continued)

The USDA Rural Development Mortgage Revenue Bonds were obtained for the purpose of paying for the costs of constructing improvements to the Village’s sewer system. The issuance was approved in the amount of \$1,305,000. The bonds are to be repaid annually over 40 years with a per annum interest rate of 4.75%. The Village has established sewer rates sufficient to retire the Mortgage Revenue Bonds. In 2004, the Village obtained an additional \$70,000 for the purpose of settling a dispute with a contractor to be repaid annually over 40 years with a per annum interest rate of 4.375%. Payments for these bonds are made by the Sewer Fund.

Amortization of the above debt, including interest is as follows:

Year ending December 31:	OPWC Loan	USDA Mortgage Revenue Bonds
2015	\$9,974	\$80,688
2016	9,974	80,540
2017	9,974	80,696
2018	9,974	80,544
2019	9,974	80,695
2020-2024	4,991	403,103
2025-2029	-	402,714
2030-2034	-	403,052
2035-2039	-	388,534
2040-2044	-	237,591
Total	<u>\$54,861</u>	<u>\$2,238,157</u>

6. Retirement Systems

All employees of the Village belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants’ gross salaries. The Village has paid all contributions required through December 31, 2014.

7. Risk Management

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Village is uninsured for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**VILLAGE OF HOLMESVILLE
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

8. Contingent Liabilities

Management believes there are no pending claims or lawsuits.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding of any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Village of Holmesville
Holmes County
PO Box 113
Holmesville, Ohio 44633

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Holmesville, Holmes County, (the Village) as of and for the years ended December 31, 2014 and 2013 and the related notes to the financial statements, and have issued our report thereon dated June 19, 2015, wherein we noted the Village followed accounting and financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control testing and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
June 19, 2015

**VILLAGE OF HOLMESVILLE
HOLMES COUNTY
DECEMBER 31, 2014 AND 2013**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2012-001	Material Weakness – Financial Reporting.	Yes	
2010-002	ORC Section 5705.14 – Transfers	Yes	



Dave Yost • Auditor of State

VILLAGE OF HOLMESVILLE

HOLMES COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 3, 2015**